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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended June 30, 1992 Commission file number 0-17535

BYTEX CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**04-2715342** (I.R.S. Employer Identification No.)
4 Technology Drive, Westborough, Massachusetts (Address of principal executive offices)	**01581-1760** (Zip Code)

Registrant's telephone number, including area code: (508) 366-8000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock. As of August 3, 1992: 6,298,385.

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BYTEX CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

BYTEX CORPORATION

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
Net Sales:				
Product	$ 9,462	$10,002	$18,558	$19,727
Services	1,936	1,703	3,697	3,367
	11,398	11,705	22,255	23,094
Cost of goods sold:				
Product	4,166	3,823	8,070	7,033
Services	929	893	1,827	1,835
	5,095	4,716	9,897	8,868
Gross margin	6,303	6,989	12,358	14,226
Operating expenses:				
Research and development	1,671	1,901	3,364	4,164
Selling, general and administrative	4,629	4,192	8,981	7,987
	6,300	6,093	12,345	12,151
Income from operations	3	896	13	2,075
Other income	138	315	354	702
Income before income taxes	141	1,211	367	2,777
Provision for income taxes	45	436	126	1,000
Net income	$ 96	$ 775	$ 241	$ 1,777
Net income per share	$ .02	$ .12	$ .04	$ .28
Weighted average number of shares of common stock and common stock equivalents	6,319	6,520	6,392	6,425

See accompanying notes

BYTEX CORPORATION

CONSOLIDATED BALANCE SHEET

(In thousands, except share and per share amounts)

	June 30, 1992 (Unaudited)	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,849	$ 2,558
Cash investments	13,363	15,215
Accounts receivable, net	12,842	11,074
Inventories:		
Raw materials	2,869	3,132
Work-in-process	920	458
Finished goods	4,704	3,252
	8,493	6,842
Prepaid expenses	534	566
Total current assets	37,081	36,255
Property and equipment, net	6,034	5,743
Other assets	1,616	1,355
	$44,731	$43,353
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,390	$ 1,817
Other current liabilities	4,133	4,639
Total current liabilities	7,523	6,456
Stockholders' equity:		
Common stock, $.10 par value; 20,000,000 shares authorized, 6,298,385 and 6,274,022 shares issued and outstanding	630	627
Other stockholders' equity	36,578	36,270
Total stockholders' equity	37,208	36,897
	$44,731	$43,353

See accompanying notes

BYTEX CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 241	$ 1,777
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,504	910
Changes in current assets and current liabilities:		
Accounts receivable	<1,776>	263
Inventories	<1,648>	<2,146>
Prepaid expenses	38	<171>
Other assets	<433>	<345>
Accounts payable	1,556	1,061
Other current liabilities	<524>	100
Total adjustments	<1,283>	<328>
Net cash (used for) provided by operating activities	<1,042>	1,449
Cash flows from investing activities:		
Purchase of property and equipment	<1,614>	<1,542>
Cash invested	1,852	<2,064>
Net cash provided by(used for) investing activities	238	<3,606>
Cash flows from financing activities:		
Proceeds from sale of common stock	107	613
Principal payments on capital lease obligations	-	<60>
Tax benefit from non-qualified stock options	17	-
Net cash provided by financing activities	124	553
Effect of exchange rate changes on cash	<29>	<38>
Net increase (decrease) in cash and cash equivalents	<709>	<1,642>
Cash and cash equivalents at beginning of period	2,558	5,612
Cash and cash equivalents at end of period	$1,849	$3,970

See accompanying notes

BYTEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1992 and 1991

(Unaudited)

1. The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. The information herein should be read in conjunction with the financial statements included in the Company's Annual Report on Form 10-K (Commission File No. 0-17535), for the year ended December 31, 1991. It is management's opinion that the accompanying statements reflect all adjustments necessary for a fair presentation of the results for this interim period and the comparable periods presented.

2. Primary earnings per share is based on the weighted average number of shares of common stock and common stock equivalents (stock options) outstanding. Fully diluted earnings per share has not been separately presented as the amount would not differ significantly from primary earnings per share.

3. The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, $.10 par value per share, and 4,000,000 shares of Convertible Preferred Stock, $.10 par value per share. There is no Convertible Preferred Stock outstanding.

Results of Operations

Net Sales

Net sales for the three month and six month periods ended June 30, 1992 were $11,398,000 and $22,255,000, a decrease of 2.6% and 3.6%, respectively, from each of the comparable periods in the prior year when net sales were $11,705,000 and $23,094,000 respectively. Domestic product sales decreased to $7,753,000 and $14,510,000 for the second quarter and first half ended June 30, 1992 from $8,259,000 and $15,562,000 in the comparable periods of the prior year, decreases of 6.1% and 6.8% respectively. The Company continued to earn lower revenues on its wide area networking product line and greater revenues on its local area networking products which became commercially available in the third quarter of 1991. Total international product sales remained nearly level at $1,709,000 and $4,048,000 or 15.0% and 18.2% of net sales for the three and six months ended June 30, 1992 from $1,743,000 and $4,165,000 or 14.9% and 18.0% of net sales in the comparable periods of the prior year.

Service revenues increased to $1,936,000 or 17.0% and $3,697,000 or 16.6% of net sales in the second quarter and first half of 1992, compared with $1,703,000 or 14.5% and $3,367,000 or 14.6% of net sales in the comparable periods of 1991. The increase in service revenues resulted primarily from additional contracts due on the Company's larger installed base.

Gross Margin

Gross margin decreased as a percentage of net sales to 55.3% and 55.5% for the three and six month periods ended June 30, 1992 compared to 59.7% and 61.6% in the corresponding periods of 1991. The decrease in current year margins was due principally to lower sales volume in the Company's wide area networking product line and an increasing percentage of sales in the local area networking product line with an attendant lower gross margin.

Research and Development

Research and development decreased as a percentage of net sales to 14.7% and 15.1% for the three and six month periods ended June 30, 1992 from 16.2% and 18.0% in the same periods of the prior year. The decrease in the current year reflects the completion and release of new products during the second half of 1991 and a corresponding decrease in outside services related to completed projects.

Selling, General and Administrative

Selling, general and administrative expenses increased to $4,629,000 or 40.6% and $8,981,000 or 40.4% of net sales in the second quarter and first half ended June 30, 1992 compared with $4,192,000 or 35.8% and $7,987,000 or 34.6% of net sales in the same periods of 1991. The increase was due to increased staffing levels in the sales and marketing organizations, which

have not yet resulted in additional sales to the Company, and the establishment of a wholly owned subsidiary in Germany that serves as headquarters for the Company's European operations.

Other Income

Other income was $138,000 in the second quarter of 1992 compared to $315,000 in the second quarter of 1991. The decrease was due to the impact of lower interest rates on a lower invested cash balance.

Income Taxes

The tax rates in effect for the second quarter and first half of 1992 were 31.9% and 34.3% respectively down from 36.0% in the corresponding periods of the prior year. The decrease in the tax rates is due to the decrease in revenues and the mix of earnings between the Company's subsidiaries. The Company is currently analyzing the impact of Statement of Financial Accounting Standard No. 109, "Accounting For Income Taxes" (FAS 109). Management believes that application of this standard will not have a material impact on the Company's financial position or results of operations.

Liquidity and Capital Resources

Working capital was $29,558,000 at June 30, 1992 compared to $29,799,000 at December 31, 1991. During the first half of 1992 cash used for operations was $1,042,000 while cash provided from investing and financing activities was $238,000 and $124,000 respectively. Increases in accounts receivable and inventory of $1,776,000 and $1,648,000 offset by an increase in accounts payable of $1,556,000 were the primary factors resulting in the use of cash for operations.

As of June 30, 1992 the Company's principal sources of liquidity include $15,212,000 of cash and short-term investments. The Company also has two unsecured lines of credit available aggregating $5,500,000. Currently the Company has no borrowings outstanding under its lines of credit.

The Company anticipates capital expenditures for its 1992 fiscal year will approximate $2,400,000 principally for test equipment, computer equipment and software. Capital expenditures totaled $1,614,000 in the six months ended June 30, 1992.

The Company believes that existing cash balances, cash generated from operations, and the available lines of credit will be sufficient to meet its working capital requirements in the foreseeable future.

BYTEX CORPORATION

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

On May 29, 1992 Bytex held its annual meeting of stockholders. At this meeting the stockholders considered and voted upon the following matters:

(1) The following persons were elected as directors of the Company:

Arthur Carr
Paul J. Ferri
Steven G. Finn
Norman E. Gaut
Gary E. Haroian
August P. Klein

(2) A proposal to approve the amendment to the Company's 1981 Restricted Stock and Stock Option Plan to increase the aggregate number of shares that may be issued thereunder from 1,975,000 to 2,175,000 was approved with 4,197,602 affirmative votes and 1,224,895 negative votes cast.

(3) A proposal to approve the adoption of an amendment to the Company's Director Stock Option Plan to provide for 1,000 shares to be awarded annually to each director was approved with 4,947,394 affirmative votes and 464,935 negative votes cast.

Item 6. Exhibits and Reports on Form 8-K

(a) No Exhibits are being filed herewith.

(b) There were no reports on Form 8-K filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BYTEX CORPORATION
(Registrant)

Date: August 12, 1992

By /s/ Cynthia M. Deysher
Cynthia M. Deysher
Corporate Vice President Finance
and Administration; Treasurer and
Chief Financial Officer

(Principal Financial Officer
and Duly Authorized Officer)